



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 08-38, Philadelphia, Pennsylvania, City Income Tax Withholding

Date: December 15, 2008

To: Holders of TAXES (State of Pennsylvania only)
Personnel User Groups
T&A Contact Points in Pennsylvania

Beginning with wages paid for Pay Period 26, the National Finance Center (NFC) will change the Philadelphia, Pennsylvania, city income tax withholdings. The withholding rate for the city of Philadelphia, Pennsylvania, will decrease from 3.98 percent to 3.93 percent for residents and from 3.5392 percent to 3.50 percent for nonresidents.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC Home Page (www.nfc.usda.gov) and click and click the **Publications tab**. Then on the right-hand Quicks Picks menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Pennsylvania Cities Income Tax Information

Withholding Formula ►(Effective Pay Period 26, 2008)◄

1. Subtract the nontaxable biweekly Federal Employees Health Benefits (FEHB) payment from the gross biweekly wages.
Note: The biweekly FEHB payment is *taxable* income for the city of Philadelphia; therefore, do *not* subtract the biweekly FEHB payment when computing Philadelphia city income tax.
2. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
3. Apply the annual wages to the following guideline to determine the annual Pennsylvania city income tax withholdings.

Compute the City Income Tax Withholding For:

By Multiplying the Gross Annual Wages By:

	State/City Codes	Resident Percentage	Nonresident Percentage	City Tax Status (Duty Station = DS; Resident = R)
Bethlehem	42/0660	1.0000	1.0000	DS, R
Bradford (<i>voluntary</i>)	42/0840	1.0000	1.0000	
Caln	42/1044	1.0000	1.0000	DS, R
Camp Hill (<i>voluntary</i>)	42/1060	2.0000	1.0000	
Carlisle	42/1100	1.6000	1.0000	DS, R
Erie	42/2640	1.1800	1.1800	DS, R
Fairview Township	42/2769	1.4500	1.0000	DS, R
Greene Township	42/3343	1.7000	1.0000	DS, R
Gregg Township	42/3396	1.8000	1.0000	DS, R
Hanover Township	42/3470	1.0000	0.0000	DS, R
Harrisburg	42/3500	1.0000	1.0000	DS, R
Horsham	42/3740	1.0000	1.0000	DS, R
Kelly Township	42/4053	2.0000	1.0000	DS, R
Lancaster	42/4180	1.1000	0.0000	DS, R
Philadelphia	42/6540	►3.9300	3.5000◄	DS, R
Pittsburgh	42/6600	3.0000	1.0000	DS, R
Plains Township	42/6615	1.0000	1.0000	DS, R
Reading	42/6900	2.7000	1.0000	DS, R
Scranton	42/7460	3.4000	1.0000	DS, R
South Lebanon	42/7894	1.0000	0.0000	DS, R
Susquehanna	42/8280	0.0000	0.0000	DS, R
Tinicum	42/8445	1.0000	1.0000	DS
Warminster Township	42/8845	1.0000	1.0000	DS, R
Wilkes-Barre	42/9340	2.8500	1.0000	DS, R
York	42/9610	1.0000	1.0000	DS, R

Note: City tax is mandatory unless otherwise indicated.

4. Divide the annual Pennsylvania city income tax withholding by 26 to obtain the biweekly Pennsylvania city income tax withholding.